



Department of Justice

Acting United States Attorney Gregg L. Sullivan
Eastern District of Tennessee

FOR IMMEDIATE RELEASE

JULY 30, 2010

www.usdoj.gov/usao/tne

CONTACT: SHARRY DEDMAN-BEARD

PHONE: 865-545-4167

FAX: 865-545-4176

FORMER HAWKINS COUNTY DOCTOR SENTENCED ON HEALTH CARE FRAUD, DRUG, AND TAX CHARGES

GREENEVILLE, TENNESSEE — JOHN THEODORE HANCOCK, age 49, formerly of Mooresburg, Tennessee, was sentenced today by U.S. District Judge J. Ronnie Greer to 276 months (23 years) imprisonment after being convicted in July 2009 by a federal jury of health care fraud, unlawful dispensing of controlled substances, money laundering, evasion of payment of income taxes, and failure to file income tax returns. The sentence was announced by Tennessee Bureau of Investigation (TBI) Special Agent in Charge (SAC) Bob Schlafly, IRS-CI SAC Christopher R. Pikelis, and Acting United States Attorney Gregg L. Sullivan.

The jury returned guilty verdicts on thirty counts of defrauding the TennCare program by issuing prescriptions for controlled substances which Hancock knew were not medically necessary and would be filled at area pharmacies and paid for by TennCare. Hancock was found guilty of twenty-nine counts of unlawfully dispensing Schedule II controlled substances - oxycodone, morphine, methadone, and fentanyl - outside the scope of accepted medical practice and not for a legitimate medical purpose. Hancock was found guilty of nine counts of unlawfully dispensing Schedule III controlled substances (hydrocodone with acetaminophen, more commonly known as Lortab), and twenty-eight counts of unlawfully dispensing Schedule IV controlled substances, the benzodiazepines diazepam, alprazolam, triazolam, and clonazepam. The jury returned not guilty verdicts on five counts.

A federal grand jury in Greeneville, Tennessee returned a superseding indictment against Hancock on September 9, 2008, which alleged that Hancock, while licensed to practice as a medical doctor by the State of Tennessee, operated a medical business known as "Hancock Family Medicine" in Mooresburg, Tennessee. As demonstrated by the evidence at trial, Hancock improperly wrote prescriptions for controlled substances, to include methadone, morphine, oxycodone (OxyContin), hydrocodone, and benzodiazepines, for patients without performing physical examinations and without determining a sufficient medical necessity for the prescriptions. Hancock, who charged patients \$80 to \$100 in cash for each visit, continued to prescribe drugs having high risks of abuse and addiction even after he received information that particular patients were abusing their drugs, were selling their drugs, and were "doctor shopping." Hancock also wrote prescriptions with the agreement that the patients would bring all or part of the drugs back to Hancock, usually for his personal use.

Even after agreeing to surrender his registration with the Drug Enforcement Administration (DEA) to prescribe controlled substances in December 2003 after a conviction in Hamblen County for attempting to pass forged prescriptions for OxyContin, Hancock enlisted another doctor to issue prescriptions for

controlled substances for Hancock's patients and continued to operate his practice for another fourteen months.

Because most of the drugs prescribed were paid for through the TennCare program, Tennessee's program for indigent medical care, the jury found that Hancock engaged in a scheme to defraud the TennCare program by providing the medically unnecessary prescriptions to his patients for them to have filled at area pharmacies at TennCare's expense.

Hancock was also found guilty of engaging in financial transactions in criminally derived property, that is, money obtained through health care fraud and the unlawful dispensing of controlled substances. The offenses charged involved the exchange of \$16,480 in cash in February 2005 and the exchange of \$18,552 in cash in April 2005. Hancock was also found guilty of willfully evading payment of income taxes which he owed for 1994 and 1995 by concealing the nature, sources, and extent of his income and assets by conducting his financial affairs almost exclusively in cash. Hancock also was found guilty of willfully failing to file income tax returns from 2002 through 2005 when he had gross income of over \$1 million during that period. Hancock faced a mandatory minimum sentence of twenty years imprisonment and faced a maximum sentence of life imprisonment.

In imposing the non-parolable twenty-three year sentence, Judge Greer noted that "this is a tragic case with tragic results." Judge Greer stated that Hancock had "abdicated the responsibilities attendant with a medical license" and had "stopped operating a medical practice and became a drug dealer." After noting that Hancock had left his patients' "real medical problems . . . untreated because of his choice to . . . prescribe narcotics," Judge Greer said "medical doctors who chose to operate outside accepted medical practice put people at great risk," both from addiction and other medical problems which are often left untreated..

Judge Greer observed that prescription drug crimes were growing in number and are reaching a "crisis level." Judge Greer noted the increases in property crimes (burglaries and thefts) and violent crimes (robberies) fueled by prescription drug abuse. The judge noted that while Hancock's criminal conduct was in part driven by Hancock's own substance abuse, Judge Greer noted that doctors operating illegitimate "pain clinics" were doing so for the profit to be made. "Health care professionals have to be held accountable; the message has to go out that health care professionals will be held accountable, and the message has to go out that there will be significant prison time." Judge Greer concluded by observing that "an incredible number of people in our society are being adversely affected by prescription medications" and that the costs to society, such as property crimes fueled by addiction to pills, have to be recognized.

In addition to the 276 months term of imprisonment, Hancock was also sentenced to serve 5 years of supervised release after his prison term and to pay TennCare \$70,764.02 in restitution. Hancock has been incarcerated since his conviction in July 2009.

Dr. Stephen Loyd, a professor at the James H. Quillen College of Medicine, East Tennessee State University, and a practicing internist testified during the trial that abuse of prescription drugs was the number one health problem in the United States today. Dr. Loyd compared the need for physicians to understand prescription drug abuse in east Tennessee and southwest Virginia with the need for physicians in the developing world to know about tuberculosis. "This is the disease that's endemic to our area," said Loyd.

Acting United States Attorney Sullivan added: "The abuse of prescription drugs has become one of the most significant public health problems in Tennessee today. Tennessee leads the nation in the number of controlled substance prescriptions per capita and Tennessee's prescription drug overdose rate is 26% above the national average. Deaths from prescription drug overdoses increased 53% between 2002 and 2006 and, in 2006, deaths from prescription drug overdoses far exceeded those from illicit drugs (323 to 73). The top ten prescription drugs listed on death certificates in Tennessee in 2006 were: methadone, morphine, alprazolam (Xanax), diazepam (Valium), hydrocodone, oxycodone, fentanyl, carisoprodol (Soma), propoxyphene, and amitriptyline (Elavil). TBI, with the support of U.S. Attorney's Offices and other federal, state and local law enforcement agencies, has created the Tennessee Drug Diversion Task Force whose mission is to combat this growing problem through education and enforcement."

The investigation was conducted by special agents of the Tennessee Bureau of Investigation's Medicaid Fraud Control Unit, Internal Revenue Service-Criminal Investigation, and the United States Postal Inspection Service.

Assistant U.S. Attorney M. Neil Smith prosecuted the case for the United States.